



American Public Power Association

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**Testimony of the Honorable Lewis K. Billings, Mayor of Provo, Utah,
On behalf of the American Public Power Association
Before the House Telecommunications & Internet Subcommittee**

*How Internet Protocol-Enabled Services Are Changing the Face of Communications: A View From
Government Officials*

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Chairman Upton, Ranking Member Markey, and members of the subcommittee, my name is Lewis Billings, and I am the Mayor of Provo, Utah. Thank you for the opportunity to appear before you today on behalf of the American Public Power Association (APPA) to discuss the important role public power systems are playing in the deployment of affordable broadband services.

APPA is the national service organization representing the interests of the nation's more than 2,000 community-owned electric utilities that serve over 43 million Americans. The utilities include state public power agencies, municipal electric utilities, and special utility districts that provide electricity and other services to some of the nation's largest cities such as Los Angeles, Seattle, San Antonio, and Jacksonville, as well as some of its smallest towns. The vast majority of these utilities serve small and medium-sized communities, in 49 states, all but Hawaii. In fact, 75 percent of publicly-owned electric utilities are located in communities with populations of 10,000 people or less. Provo is considerably larger than the average public power community, with approximately 33,000 metered customers and a population of 105,166.

Many of these public power systems were established largely due to the failure of private utilities to provide electricity to smaller communities, which were viewed as unprofitable. In these cases, communities formed public power systems to do for themselves what they viewed to be of vital importance to their quality of life and economic prosperity. Today, public power systems are meeting the new demands of their communities by providing broadband services where such service is unavailable, is inadequate, or too expensive.

Over 600 public power systems now provide some kind of advanced communications service, whether for internal or external purposes. This is a ten-fold increase since Congress enacted the Telecommunications Act of 1996, and the number of public power systems providing or planning to provide services continues to increase. The services delivered by public power systems include high-speed Internet access, voice-over-Internet protocol (VoIP), cable television, and local and long distance telephony.

As this committee begins to formulate policies that would best foster a thriving, competitive communications marketplace, where affordable broadband service is available to all Americans as rapidly as possible, it should recognize the important role publicly owned electric utilities can play in achieving President Bush's goal of universal broadband deployment by 2007. Public power systems are providing a wide array of advanced communications services in underserved areas using a wide variety of platforms – fiber-to-the-subscriber, broadband over power lines, hybrid fiber-coaxial, and wireless. They are also fostering a competitive marketplace where consumers are benefiting from the availability of advanced communications services that are the lifeblood of economic development and can support rich educational and employment opportunities, advanced health care, regional competitiveness, public safety, homeland security, and other benefits that contribute to a high quality of life.

My testimony will provide an overview of why public power systems are providing advanced services over broadband networks, how they are providing those services, and the

types of services being provided. It will also provide an overview of the campaigns waged against public power systems by the opponents of municipal broadband and the legal barriers to entry APPA's members face at the state level. In addition, my testimony will discuss the policy justifications for allowing municipalities to meet the needs of their communities by providing affordable broadband services and refute the arguments made by the opponents of municipal broadband.

History Is Repeating Itself: The Parallels Between the Electricity Marketplace a Century Ago and the Broadband Marketplace Today

Before I address the reasons why community-owned electric utilities are providing broadband services, I think it is important to look briefly at the history of the electric utility industry and public power. There are many similarities between the early days of electrification at the turn of the 19th century and broadband deployment today.

The electric utility industry is 125 years old. When electrification first began, many argued that electricity was a luxury. While that notion was quickly rebuked and it became widely recognized that electricity was a necessity for economic development, public health and safety, and quality of life, many smaller and rural communities were left behind. Private sector providers rushed to wire highly profitable urban areas, but failed to provide service to communities that were not attractive investments for private enterprise. Because of market failures such as lack of providers, poor service, and high prices, communities began creating their own electric utilities at a frantic pace.

The community leaders who proposed public power did not regard this as an ideological choice between public versus private, but a pragmatic choice between providing this new utility or watching their communities fall by the wayside. Private providers saw things somewhat differently. Alarmed by the growth of municipal electric utilities, they conducted campaigns to erect barriers to entry. Some of their tactics included: (1) advocating a “natural monopoly” theory and calling for state-regulated monopolies that would preclude direct competition between public and private utilities; (2) creating political opposition at the local

level; and (3) engaging in anti-competitive practices such as denial of transmission access and predatory pricing. While private providers had some limited success in these efforts, public power survived and continues to thrive today.

The similarities between the electricity marketplace a century ago and the broadband marketplace today are striking. Broadband access has many of the same fundamental dynamics and characteristics as electricity at the end of the 19th century. First, broadband is essential for economic development. Businesses must have affordable access to it to compete both regionally and globally in the 21st century. They will locate and expand where access is available and avoid cities and towns where it is not available. Second, broadband supports rich educational and employment opportunities, advanced health care, and other benefits that contribute to a high quality of life. Third, broadband has the same market failures today as electricity had – a lack of providers in some areas, or poor service and high cost in other areas. Public power systems began stepping in to address these market failures at the request of their towns and cities.

Why Public Power Systems Are Providing Essential Broadband Services

It is a natural progression for communities that own their own electric utilities to expand their services to include broadband. While public power communities are not the only communities providing broadband service, they have resources that make offering such service easier. Electric utilities use advanced communications technologies for internal purposes, such as monitoring electric distribution networks, automated meter reading, and internal wireline and wireless communications. It is not very difficult for such utilities to expand their communications capabilities to provide external, community-wide services when requested to do so by their residents.

Community demand for services is usually driven by the failure of the market to provide specific services at reasonable prices that the community needs to grow and prosper. For many APPA members, the reason the utility even explored entering the communications

marketplace was that businesses and residents came to them asking for service. In Scottsburg, Indiana, for example, the municipal electric utility deployed a wireless broadband network in order to prevent a Chrysler repair shop from leaving the town due to a lack of affordable broadband. Before pursuing this course of action, the local government first asked Verizon to provide the service. Verizon refused because the town was too small for the company to justify the investment. Had the municipally-owned utility not provided the service, at least 60 jobs would have been lost.

Eight years ago in Provo, the city government undertook a careful study to determine how it could use technology to benefit its residents. Local officials decided to reconstruct Provo's traffic control systems, significantly upgrade its electric utility monitoring and control systems, and bring about broadband interconnectivity between all city-owned and operated facilities. As it turned out, all of these initiatives depended upon Provo's ability to obtain broadband at various locations throughout the city.

The city approached five private sector companies that held franchise rights to provide fiber optic data connectivity. As part of their franchise agreements, all of the companies agreed to provide such service to all city owned facilities. None of them ever did. Ultimately Provo determined the best option would be to build its own city-wide fiber optic backbone. Soon after it was completed, local schools, small businesses, and others in our community asked to be connected. After careful study and analysis, the Provo City government decided to provide true high speed data access to the community at large. Our motivation for providing broadband was very similar to the motivations of other public power broadband communities.

Economic development is a key reason for public power entry into the communications marketplace. The availability of affordable broadband service is critical to retaining existing businesses as well as attracting new businesses in today's highly competitive global marketplace. In many public power communities, business leaders and locally elected officials have approached the private sector about providing essential broadband services at

affordable rates. In many cases, the private sector has responded that it did not have immediate plans to provide broadband service or upgrade existing services to meet the bandwidth needs of businesses and residents.

Smaller communities have two choices – wait until an incumbent provider decides to provide service, if it does so at all, or build the network themselves. Many APPA members have decided to deploy broadband networks because they understand that access to advanced services helps retain and attract new businesses, creates new jobs, increases productivity, allows for telemedicine and telecommuting, and improves the quality of life for residents. These communities have recognized that if they waited for the private sector to provide affordable broadband service, they would fall behind and not be able to compete in today's information age.

Public power systems throughout the United States have seen direct economic benefits from deploying broadband networks. They have attracted new businesses as well as retained existing businesses because of their broadband networks. In Cedar Falls, Iowa, the Mudd Group, a marketing, advertising, and public relations firm specializing in the automotive industry would have left the city if affordable broadband services were not available. Because the municipal electric utility constructed a fiber-to-the-business network, Mudd expanded its business and soon plans to break ground on a studio to produce digital media. TEAM Technologies, a web hosting and data management company, moved to Cedar Falls in 1996 because of the city's communications infrastructure. In 2004 TEAM finished construction of a multi-million dollar data center that provides highly reliable and secure data services, including bandwidth and back up storage service for corporate clients.

A 2004 report entitled *The Economic and Community Benefits of Cedar Falls, Iowa's Municipal Telecommunications Network* by Doris Kelly of Black and Veatch, which analyzed the economic growth of Cedar Falls and the neighboring city of Waterloo, attributed Cedar Falls'

higher tax base and job growth to the presence of a municipal broadband network.¹ Waterloo and Cedar Falls are very similar communities. What distinguishes them from each other is the presence of a municipal broadband network. Similarly, a recently published study involving Lake County, Florida, showed that public communications projects can have a very significant positive impact on the economic development of an area.² Clearly, the availability of affordable broadband service is an important factor in businesses' decisions to locate to an area, and a driver of economic development.

Technologies Used By Public Power to Provide Essential Broadband Services

Public power systems that are providing broadband services are using a wide variety of technologies to do so. Publicly owned electric utilities such as Provo, Utah, Bristol, Virginia, Kutztown, Pennsylvania, Jackson, Tennessee, Grant County Public Utility District, Washington, and Dalton, Georgia have built fiber-to-the-subscriber networks. These ultra-high-speed fiber systems provide users with voice, video, and data services as well as give them the ability to utilize high bandwidth applications such as real-time video conferencing, IP video, and rich multimedia activities such as interactive games.

Other communities such as Wyandotte and Coldwater, Michigan, Glasgow, Kentucky, and Muscatine, Iowa provide broadband service over hybrid fiber-coaxial networks similar to those used by cable companies. This type of network can provide residents with high-speed Internet access using a cable modem, as well as cable television and VoIP service.

More recently, APPA members have been using wireless technology to provide broadband service. Scottsburg, Indiana, Owensboro, Kentucky, Coldwater, Michigan, and Spencer, Iowa are just a few of the systems providing wireless broadband. Provo has also

¹ See Doris Kelly, *The Economic and Community Benefits of Cedar Falls, Iowa's Municipal Telecommunications Network*, Black and Veatch, July 6, 2004.

² George S. Ford and Thomas M. Koutsky, *Broadband and Economic Development: A Municipal Case Study from Florida*, <http://www.aestudies.com/library/econdev.pdf>.

embraced this technology as our businesses and residents see this as an important and expected infrastructure in the community.

In addition, APPA members are also starting to provide broadband service using broadband over power line (BPL) technology. Manassas, Virginia, is the first municipality in the country to provide its residents with BPL service. This technology allows electric utilities to use their power lines to provide high-speed Internet access service comparable to DSL service, with equal download and upload speeds. This exciting technology not only allows public power systems to provide affordable Internet access service, but also allows utilities to improve the monitoring of their electric distribution networks, which increases electric reliability and helps detect outages in real time without the need to hear from customers about power outages. Other APPA members testing BPL include Hagerstown, Maryland, Princeton, Illinois, and Rochester, Minnesota.

Advanced Services Provided by Public Power Systems

Community-owned electric utilities provide a wide variety of services to their residents either directly or in partnership with private-sector providers. The types of services APPA members provide fall into one of two categories. The first is internal service, which is usually a municipal data network that connects municipal governmental entities to one another. As of the end of 2004, 247 public power systems offered municipal data networking.

The second category is external service. These services are offered to individuals or entities outside of the utility and municipal government. External services include fiber leasing, Internet access (both high-speed and dial-up), cable television, broadband resale, local and long-distance telephony, and VoIP. As of the end of 2004, 102 systems were providing cable television service, 167 were leasing fiber, 128 were Internet service providers, 42 provided long-distance telephone, and 52 provided local-phone service. A handful of systems are either providing or testing VoIP service.

The Many Benefits of Public Power Broadband

Many communities have decided to provide residents and businesses with critical broadband infrastructure because they recognize the growing importance of broadband for commerce, health care, education, and improved quality of life. Looking to the early pioneers of municipal broadband that have been models to other communities, they have seen the many benefits of providing access to an essential 21st century service. Some of the key benefits of municipally provided broadband service include lower prices, increased competitiveness in the communications marketplace, responsiveness to local needs, economic development, and universal access.

In many cities and towns across America, broadband service is too expensive for businesses and residents. In Iowa for example, the Iowa Utility Board has reported that many communities are charged up to \$169 a month for 1 mega-bits-per-second DSL service.³ However, in public power communities that are providing broadband service, consumers are paying lower rates for such service. In Manassas, Virginia, residents can get BPL service for \$28.95 a month. In response to the presence of a third provider of broadband service (the City of Manassas in partnership with COMTek, a telecommunications and information systems technology company) both Comcast and Verizon lowered their prices in Manassas. Consequently, even those residents who have not switched to Manassas' BPL service have received a direct economic benefit from the introduction of a third provider in the form of lower prices from the incumbent providers.

The presence of municipal broadband providers has also resulted in a more competitive communications marketplace. Many public power broadband networks provide open access to other private sector providers. Competitive local exchange carriers and other competitive communications companies use municipal networks to deliver services to businesses and residents. In fact, the presence of a municipal provider can actually increase

³ See *Connecting the Public: The Truth About Municipal Broadband*, Media Access Project, Consumer Federation of America, Free Press available at

the number of competitive providers in a marketplace. An economic analysis by George Ford of Applied Economic Studies found that in Florida, localities that owned their own broadband network had more competitive local exchange carriers in the marketplace than localities that did not have municipal broadband networks.⁴ Rather than crowding out investment, as asserted by the opponents of municipal broadband, it appears that the presence of such a system actually increases the number of communications providers in the market.

In addition, municipal broadband providers are highly responsive to local needs. Residents can have a direct say in the types of services provided over broadband networks. Utility managers and locally elected officials are available to the public at open meetings to discuss their concerns and seek input on how to improve or expand service. Also, customer service is locally available to help individuals with setting up their service or fixing problems.

Universal access is another benefit of municipal broadband. Public power systems providing broadband services ensure that all residents can receive such services and at an affordable rate. Low-income neighborhoods are not passed by. Schools and hospitals are provided with significant bandwidth to enable rich multimedia applications that improve education and health care. For example, in Leesburg, Florida, public hospitals can send medical images such as MRIs and x-rays to doctors' offices in seconds over the city's optical network.

Economic development is yet another benefit of municipal broadband. As stated earlier, local governments recognize the importance of broadband for commerce, education, health care, and quality of life. The availability of affordable broadband helps retain and attract businesses, leading to more jobs and stimulation of the local economy. In Kutztown, Pennsylvania, Saucony Book Shop moved its business from Allentown, Pennsylvania, because of the borough's fiber-to-the-subscriber network. Paisley & Company bath shop also moved to

http://www.mediaaccess.org/MunicipalBroadband_WhitePaper.pdf (citing http://www.iowatelecom.com/residential_services/article.asp?id=220&PID&GPID).

Kutztown, opening a shop downtown and advertising its products online. In Provo, Riverwoods Medical Imaging Center employs state-of-the-art software to deliver hundreds of digital images to doctors quickly over the Internet. Without the bandwidth available over Provo's fiber network, Riverwoods would not have been able to provide its digital imaging services.

Local governments are not the only entities that recognize the benefits of municipal broadband systems. A large number of organizations representing private industry, educational interests, and consumers support the ability of municipalities to provide broadband services and have publicly expressed so. Included with this testimony are statements of support from such organizations as the High Tech Broadband Coalition, Consumer Federation of America, Free Press, Educause, and New America Foundation as well as Intel. The United Telecom Council and Fiber to the Home Council also plan to express their support by sending a letter to the subcommittee for inclusion in the record.

Legal Barriers to Entry Faced by Municipal Providers of Broadband Services at the State Level

Just as there was fierce opposition from private enterprise to publicly owned electric utilities 125 years ago, today there is fierce opposition to publicly owned broadband networks from private enterprise. Opponents of municipal broadband have used a variety of tactics to undermine, discredit, or block the deployment of broadband by public power systems. Threatened by the prospect of a public provider that is responsive to community needs and charges affordable rates, telephone and cable companies, many of which have no plans to provide service themselves, have aggressively pushed for legislation in state legislatures across the country that would either prohibit municipalities from providing broadband services or significantly limit their ability to do so by erecting barriers to entry.

Currently 14 states have enacted laws that either prohibit municipalities from providing telecommunications, cable, and/or broadband services or limit their ability to do so

⁴ See George S. Ford, "Does Municipal Supply of Communications Crowd Out Private Investment? An

through barriers to entry. This year alone, bills have been introduced in 14 states that would restrict the ability of municipalities to provide advanced services to their communities either directly or in partnership with other private sector providers.⁵ In all instances, these measures have been pushed by incumbent telephone and cable companies seeking to eliminate potential competitors.

Early measures pushed by the opponents of municipal broadband advocated prohibiting municipalities from providing telecommunications and other services. Texas, Missouri, and Nebraska enacted laws prohibiting municipalities from providing telecommunications services. Arkansas enacted legislation prohibiting local governments from providing local exchange service and Nevada precludes municipalities with populations larger than 25,000 from providing retail telecommunications service.

Other states have not enacted outright bans, but have instead adopted laws that create barriers to entry by significantly restricting the ability of municipal entities to provide advanced communications services. These statutes impose burdensome procedural and accounting requirements, such as referenda, the imputation of certain costs not actually incurred, and public disclosure of information to which private sector providers are not subject. States that have adopted such approaches include Florida, Minnesota, South Carolina, Tennessee, Virginia, Wisconsin, and Utah. In addition, Utah and Washington have adopted wholesale-only models, which prevent a municipal entity from directly providing service to the public.

The latest approach advocated by opponents of municipal broadband is probably the one most familiar to members of this subcommittee – the right of first refusal – which was adopted by Pennsylvania late last year. It requires local governments to ask the permission of incumbent providers as a condition precedent to providing broadband services to the

Empirical Study,” Applied Economic Studies (February 2005) at <http://www.aestudies.com/>.

community. If the incumbent telephone or cable company indicates that it will provide the service within a certain time frame, the municipality is precluded from ever providing the service itself. This may appear reasonable at first glance, but as usual, the devil is in the details. The law makes data speed the only criteria and thus makes no provision for price, quality of service, consumer choice, mobility, symmetry, or any other factor, however significant it might be to the local community. In other words, nothing in the law provides a remedy if the incumbent provider states it will provide the requested service in the statutory time period, yet does not build or upgrade a network that provides the capabilities and services the community wanted.

Campaigns Waged by Opponents of Municipal Broadband Against Public Power and Other Municipal Providers

In addition to pushing for anti-municipal broadband legislation at the state level, incumbent telephone and cable companies have utilized a variety of tactics to undermine and discredit community-owned broadband networks. Working with corporate-funded think tanks, opponents have maligned municipal broadband projects, asserting they are destined to fail, are subsidized by taxpayers, and/or crowd out private investment with little to no empirical basis for such assertions. In communities where local governments have asked their citizens to vote to go forward with projects, incumbent providers have spent significant amounts of money on anti-municipal broadband campaigns with the knowledge that municipal governments are legally precluded from spending any funds to promote projects. For example, in the tri-cities area of St. Charles, Batavia, and Geneva, Illinois, the *Kane County Chronicle* (IL) reported that Comcast and SBC spent over \$300,000 on mailers, push-surveys, full-page newspaper ads, and local radio spots full of misinformation on municipal broadband projects.⁶

⁵ In 2005, legislation has been introduced in Colorado, Florida, Illinois, Indiana, Iowa, Louisiana, Michigan, Nebraska, Ohio, Oregon, Tennessee, Texas, Virginia and West Virginia. In Virginia and West Virginia, pro-municipal broadband bills were amended to limit the ability of localities to provide service.

⁶ See <http://www.kcchronicle.com/SportsSection/310254315460507.php>.

Representatives of incumbent companies have also employed scare tactics to dissuade local citizenry from supporting community-owned broadband projects. At a Lafayette, Louisiana, city-parish council meeting, a representative of Cox Communications suggested that if Lafayette Utilities Systems (LUS), the city's municipal electric utility, went forward with its fiber-to-the-premises project, it could invade the privacy of its subscribers by "allow[ing] LUS to monitor people's private phone, Internet or television viewing."⁷

Arguments Made Against Municipal Broadband

As was briefly discussed above, opponents of municipal broadband have asserted a variety of arguments for why local governments should not provide broadband service. Many of these arguments aver that municipalities have an unfair advantage because of their position as both competitive providers and regulators of services and that public entry is contrary to "level playing field" principles. Opponents also claim that municipal communications systems are failures and that municipal governments are too incompetent to operate such "complicated" technologies. A closer look at these arguments reveals these claims are false.

One common argument made by opponents of municipal broadband is that localities providing such service are competing against the private sector companies they regulate. This assertion is quite misleading. Municipalities do not, and cannot, favor their own municipal service entities. Municipalities do not regulate telecommunications service providers or Internet access providers. Such regulation occurs at the federal and state levels, and even there, it is disappearing rapidly. Municipalities do issue franchises to cable operators, but cable franchising is governed by detailed federal standards, and when municipalities provide cable services themselves, they typically assume regulatory burdens that are as extensive, or more extensive, than the private sector's.

⁷ See 2theadvocate.com *Durel Defends LUS Plan* (May 1, 2004) at <http://www.2theadvocate.com/cgi->

Municipalities also manage public rights of way and other public facilities. But federal and most state laws require municipalities to act in a nondiscriminatory, competitively-neutral manner. In short, the premise underlying this myth – that municipalities have power to regulate in favor their own services – is simply false.

A second common argument made by the opponents of municipal broadband is that localities have an unfair advantage against private sector communications providers because they do not pay taxes. It is true that public power systems are treated the same way as other governmental and non-profit entities under federal and state tax law – they do not pay income taxes because they do not earn profits. At the local level, public power utilities are routinely required to make payments in lieu of taxes to the local government that are often higher in amount than what investor owned electric utilities pay in taxes. Evidence in Florida and other states indicates that the same is likely true of the payments made to local governments by public power broadband systems and private sector communications providers. Furthermore, public power utilities do not have access to the wide variety of tax benefits, such as accelerated depreciation and investment tax credits, available to the private sector. In Florida, for example, Bell South paid an effective state/local tax rate of 3.4% and Verizon paid 3.6%. Florida’s municipal electric utilities paid an effective rate of 14.6%.⁸ It is difficult to see how private providers can complain about the tax exempt status of public power systems that pay more to state and local governments than the private providers do.

A third common argument asserted against municipal broadband is that localities have access to low-cost financing. The use of tax-exempt financing is a perfectly legitimate practice for public improvement projects. However, in today’s market, tax-exempt financing is not always available and comes with many onerous burdens. While there is some advantage to tax-

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⁸ See “The Case for Municipal Broadband in Florida: Why Barriers to Entry Stifle Economic Development, Disadvantage School Children, and Worsen Health Care,” Florida Municipal Electric Association (citing FMEA and FCC ARMIS 43-03 (2003)).

exempt financing, it may not be terribly significant because incumbent cable and telephone companies have access to the best commercial rates.

The opponents of public power broadband also argue that localities cross-subsidize communications services at the expense of electric rate payers. State and local enterprise laws prohibit municipal electric utilities from cross-subsidizing communications and other services with electric revenues. Such an argument is also disingenuous when the private sector is free to engage in cross-subsidization and routinely does so. Predatory pricing by incumbents in communities with municipal broadband networks is regional cross-subsidization. They are subsidizing service to the residents of those communities where competition exists at the expense of customers in localities that do not have community-owned broadband networks.

Yet another claim made against municipal broadband projects is that most are financial failures. Think tanks funded by incumbent telephone and cable companies have released papers claiming that various municipal broadband systems have failed. These “studies” are simply incorrect. Using flawed analyses, the authors of these “studies” apply performance criteria applicable to the private sector to municipal projects even though municipal projects have fundamentally different objectives. Public power systems are not trying to maximize profits. Instead, local governments set rates at the lowest level possible that will allow the utility to recover its costs and save their customers money. Some reports have also analyzed projects not operating long enough to generate meaningful data. Opponents routinely cite Cedar Falls, Iowa as a failure in spite of the empirical evidence to the contrary. Copies of numerous studies providing point-by-point rebuttals to industry claims of municipal “failures” are available at <http://www.baller.com/barriers.html>.

Closely related to the failure argument is the claim that broadband networks are too complex a business for public power utilities. To assert that 100-year old entities with a long history of running highly complex electric systems cannot operate broadband networks is absurd. Public power systems that choose to provide broadband service are well prepared to

provide such service. Many have used communications networks to provide internal services and monitor their electric distribution systems. In addition, several APPA members have been providing cable television service for over 20 years. Frankfort Plant Board in Kentucky has been providing cable service since 1954. Muscatine, Iowa, was one of the first cable TV operators in the country to deploy video on demand service in 2003. Frankfort Plant Board and Coldwater, Michigan, both deployed VoIP service in the summer of 2003, prior to when many cable MSOs began offering service. Assertions of municipal incompetence or lack of ability to manage broadband networks are clearly without merit.

Conclusion

Public power systems throughout the country are meeting their communities' needs by providing access to affordable broadband services. Recognizing the importance of broadband for commerce, health care, education, and improved quality of life, underserved communities are constructing their own networks to compete and thrive in today's information age. Many benefits accrue from community-owned communications systems including lower prices for consumers, increased competitiveness in the marketplace, responsiveness to local needs, universal access, and economic development. In spite of the obvious benefits of municipal broadband, incumbent telephone and cable companies have opposed such projects, pushing for legislation at the state level to prevent municipalities from providing broadband. Rather than work with local governments to provide service or acknowledge that municipalities that choose to provide broadband have legitimate reasons to do so, incumbent private providers assert disingenuous claims and unsubstantiated arguments. As this subcommittee begins to formulate policy on how best to promote a competitive communications marketplace where customers have access to a wide variety of Internet protocol-enabled services, APPA hopes the committee will see through the baseless assertions of incumbent providers and recognize the important role that public power systems can play in providing such services to underserved communities.

